

# Business and Industrial Development Company (BIDCO)

## License Application Procedures

(For FIS 1041)

The Commissioner of the Office of Financial and Insurance Services has determined that this application is available for public inspection or copying pursuant to the provisions of the Freedom of Information Act, PA 442 of 1976, as amended, MCL 15.231 et seq., and section 2109 of the Michigan Banking Code of 1999, as amended, MCL 487.12109. Accordingly, except as otherwise indicated in this application, the contents of the application shall be disclosed to any person who properly requests an opportunity for inspection, examination, or copying.

1. The application must be submitted to the Office of Financial and Insurance Services (OFIS) either on the attached forms or in a format and presentation consistent with the application itself.
2. The application must be filed with original signature(s).
3. Include a copy of the BIDCO's formal business plan with the application. The Commissioner has determined that the business plan is confidential and will not be subject to public disclosure.
4. OFIS shall refuse to accept an incomplete application. Complete responses to all applicable questions will expedite processing.
5. OFIS may contact any directors, officers, managers, or controlling persons of the applicant individually or collectively, for information regarding this application.
6. A certified copy of the Board of Directors Resolution must be filed with this application. The resolution should: 1) Authorize submission of the application to the Commissioner on behalf of the corporation/company, and 2) Authorize payment of all fees charged by OFIS in processing this application and performing such investigations as required by this application. A sample board resolution is enclosed.
7. Applicant may provide additional information in support of the application as deemed appropriate. However, any such unsolicited information will be accepted for filing with the understanding that it will be made part of the public record.
8. Each proposed director, officer, manager, and controlling person shall complete the Biographical Information (pages 2-2c), Background Information form (FIS 1016) and a personal financial statement with original signature and return it to OFIS. Information provided on the Background Information form and personal financial statement shall **not** be available for public dissemination.
9. Schedules or inserts may be attached to this application, especially when the space provided is insufficient to answer the question. Attached schedules or inserts are a part of the application and should be on paper the same size as this page.

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10. Applications filed with the Commissioner may be amended in writing. Each amendment must clearly state the specific section, page, and item(s) being amended. Substantive amendments will be formally acknowledged in writing by OFIS.
11. Provide a copy of applicant's articles of incorporation/organization.
12. If the company operates under an assumed name status, the application must be accompanied by a certificate executed by the Bureau of Commercial Services, Corporation Division indicating compliance with the provisions of section 217 of Act No. 284, Public Acts of 1972, as amended.
13. Applicant may apply for preliminary approval as provided for under section 305(1) of the Michigan BIDCO Act. Such approval may be granted only to those applicants lacking a complete roster of directors, officers, and managers and/or those that have not identified and received commitments for the initial capitalization of the BIDCO. Final approval will be subject to identification of all directors, officers, and managers, completion of OFIS background investigation for each, submission of full documentation of all financing commitments, and OFIS review of all subsequent changes to the applicant's business plan and financial projections.
14. Questions pertaining to the completion of this application may be directed to OFIS at (517) 241-9981.
15. A completed application and the application fee of \$3,500 made payable to the "State of Michigan" should be mailed to:

**OFFICE OF FINANCIAL AND INSURANCE SERVICES  
ATTENTION: ENTERPRISE MONITORING DIVISION  
P.O. BOX 30224  
LANSING, MICHIGAN 48909-7724**

## Statutory Criteria: BIDCO

(Source: Michigan BIDCO Act of 1986, as amended)  
MCL 487.1101 et seq.

BIDCO SECTION #	LEGAL CITE [MCL #]	DESCRIPTION
209(1)	487.1209	<u>Fee</u> (\$3,500)
401	487.1401	<u>Company Name</u> The company name shall include the word BIDCO
301	487.1301	<u>Applicant</u> A. A Michigan corporation (profit or nonprofit) or limited liability company
315	487.1315	B. A Michigan corporation or LLC licensed under any law of the U.S.
403	487.1403	C. Directors: minimum of seven (7)
305	487.1305	D. Directors: at least three (3) must be identified at the time of filing of the application
203	487.1203	<u>Application</u> A. On forms prescribed by the Commissioner
303(1)	487.1303	B. Business plan required
303(1)(a)	487.1303	C. Preliminary Approval:
303(2)	487.1303	1. Net worth requirement (minimum \$1 million to \$10 million); \$500,000 in certain circumstances
303(1)(b)	487.1303	2. Directors, officers, and controlling person(s) are of good character and sound financial standing
303(1)(c)	487.1303	3. Applicant will comply with the Michigan BIDCO Act
303(1)(d)	487.1303	4. There is a likelihood that the BIDCO will be a viable, ongoing entity able to satisfy the basic objectives of its business plan
305	487.1305	D. Final Approval Conditioned Upon: 1. Review of completed fund-raising 2. Review of completed roster of officers and directors (minimum number of directors is 7) 3. Updated balance sheet 4. Other information considered relevant by the Commissioner

## Application for License as a Business and Industrial Development Company (BIDCO)

Name of BIDCO, Include DBA name(s), if applicable		Date of Application
Street Address		
City, Village, or Township	State Michigan	Zip Code
County	Telephone Number (      )	Facsimile Number (      )
Date of Incorporation/Organization	Michigan Corporation, LLC, or Nonprofit Corporation Number	
Name of Michigan Resident Agent*	Address of Michigan Resident Agent	
Name of state(s) other than Michigan where the applicant or its affiliates plan to conduct business activities		

\* The resident agent and address shown above must agree with that filed with the Bureau of Commercial Services, Corporation Division.

Designated representative responsible for responding to questions relating to this application.

Name and Title	Telephone Number (      )	Facsimile Number (      )
Street Address		
City, Village, or Township	State	Zip Code

The information supplied in this application is correct to the best of applicant's knowledge. Signature of person(s) authorized to submit this application.

Signature	Date
Signature	Date

**Biographical Information Concerning Proposed Directors, Officers, Managers, and Controlling Persons of the BIDCO**

Name	Principal Occupation
Residence Address (City/State/Zip Code)	Business Address (City/State/Zip Code)
Length of Residence in Community	U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
Office to be Held	Proposed Annual Salary
List principal civic, professional, or other business organizations in which you have membership	
Education	

## Biographical Information (Continued)

Employment Record - Include current and past employment during the previous 10 years.

Date From	Date To	Name and Location of Business	Type of Business	Position Held

Business Affiliations - List all firms, companies, corporations, or other business organizations of which you are at present a director, officer, manager, employee, partner, or owner (Attach and insert page if more space is required).

Date From	Date To	Name and Location of Business	Type of Business	Position Held

BIDCO Experience - Describe any prior associations or positions you have held as a director, officer, manager, controlling person, or owner of a BIDCO or similar organization.

Date From	Date To	Name and Location of Business	Type of Business	Position Held

## Biographical Information (Continued)

Section 303 of the BIDCO Act requires the Commissioner to determine if each director, officer, manager, and controlling person is competent to perform his or her functions and are collectively adequate to manage the business of the applicant as a BIDCO. Describe below the experiences that qualify you to work in the BIDCO area. Attach additional pages as necessary.

Other Information: If you answer yes to any of the following questions, indicate the nature of the charge, date, court jurisdiction, location, and disposition of the matter on a separate page.

1. Have you ever been adjudged as bankrupt or had to work out a compromise with your creditors?  
☐ Yes ☐ No
2. Are you involved as defendant or plaintiff in any civil litigation, administrative agency proceeding, or arbitration?  
☐ Yes ☐ No
3. Have you ever been indicted, convicted of, or entered a plea of no contest to any criminal matter involving dishonesty, fraud, or breach of trust?  
☐ Yes ☐ No
4. Have you been subject to any administrative proceedings, disciplinary proceedings, or other adverse actions (including suspension, removal, or prohibition on service) with respect to any occupation or professional license you hold or have held, including those involving any business or enterprise with which you have been associated as a partner, officer, director, or major shareholder (an individual owning 10% or more of the outstanding voting stock)?  
☐ Yes ☐ No
5. Has any business or enterprise with which you are or were associated as a partner, officer, director, or major shareholder (an individual owning 10% or more of the outstanding voting stock) been the subject of an indictment, conviction, or plea of no contest on any criminal matter involving dishonesty, fraud, or breach of trust?  
☐ Yes ☐ No

Biographical Information (Continued)

Ownership of this BIDCO currently owned or subscribed for:

Percentage Ownership	Total Cost
Method of Payment	
If a loan has been/will be made to purchase this stock, provide name of lender, date of loan, interest rate, amount of loan, security for loan, and loan repayment terms	

CERTIFICATION

I hereby certify that the foregoing information is true and correct to the best of my knowledge and belief and that said information is submitted voluntarily by me. I understand that omissions or inaccuracies may result in denial of the application.

Signature	Date
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## Management

List the names of all directors, officers, managers, and controlling persons of the firm. "Officer" means chief executive and/or operating officer, president, executive or senior vice president, secretary, and treasurer. "Manager" means a person designated by the members of a Michigan limited liability company to manage the company as provided in its articles of organization or operating agreement. "Controlling person" means a person who, directly or indirectly, has the power to vote or direct the voting of 20% or more of the total ownership vote. If more space is required, please attach additional sheets as necessary.

[illegible]

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## **STATEMENT OF PURPOSE**

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In narrative form, describe the corporate purpose and/or mission of the proposed BIDCO. Detail whether the BIDCO will operate as a corporation, non-profit corporation, or a limited liability company, and include a description of the BIDCO's organization structure. Attach a copy of the BIDCO's articles of incorporation/organization.

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## **MARKET AREA**

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Describe the market area(s) for the proposed BIDCO, and list the non-depository competitors within each market area.

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## **JUSTIFICATION FOR PRELIMINARY APPROVAL**

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Please describe why preliminary approval is requested.

## **Business Plan**

### **DESCRIPTION OF BUSINESS**

Provide a general description of the proposed business activities of the applicant. At a minimum, include the types of lending and financing to be provided; indicate whether the BIDCO will provide financing assistance, management assistance, or both; whether the BIDCO will operate as a profit or nonprofit company; and indicate how the BIDCO plans to generate business. Provide copies of any written business procedures which have been established governing accounting procedures, loan and investment applications, and the approval process.

### **FINANCIAL DATA**

Provide a minimum of three years of financial projections supported by the following financial documents:

1. Balance Sheet
2. Income Statement
3. Cash Flow Analysis
4. Annual Detailed Operating Budgets
5. A narrative description of ongoing sources and applications of cash
6. Break-even Analysis
7. Historical Records of Company Activity (if applicable)

If desired, longer-term projections may be provided to more fully illustrate the effect of equity or debt/equity investments which may not realize returns until several years into the future.

A narrative summary should be provided reviewing key assumptions on which the projections are based. Identify or provide any documents or studies in support of these assumptions.

### **NET WORTH STRUCTURE**

Provide a complete description of the capital structure of the proposed BIDCO. Include full identification of all sources of capital. Provide documentation of any commitments to finance. If preliminary approval is being requested subject to additional commitments to finance, describe the specific plans to raise the additional funds. Include a copy of any private placement memoranda or public funds prospectus used in connection with a securities offering.

## Sample Board of Directors Resolution

At a meeting of the Board of Directors of [insert company name], duly called and held on [insert month, day, year], the following resolution was offered, seconded, and adopted:

“Be it resolved, that the [insert title of company officer(s) authorized to submit the application, e.g., the President, Senior Vice President, etc.] of the company is/are hereby authorized, empowered, and directed to make application to the Commissioner of the Office of Financial and Insurance Services to apply for a license as a Business and Industrial Development Company (BIDCO), on behalf of said company pursuant to the provisions of Act No. 89 of the Public Acts of 1986, as amended.”

“Resolved further, that all application fees charged by the Office of Financial and Insurance Services in processing this application will be paid by this company to the State of Michigan in accordance with applicable provisions of law.”

I hereby certify that the foregoing is a true and correct copy of a resolution passed by a majority of the Board of Directors of this company on the date specified.

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Name and Title (Type or Print)

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Signature and Date

**THIS SAMPLE DOES NOT NEED TO BE RETURNED**